

**FLEET MAIL CENTER & FISC PARTNERSHIP BUSINESS CASE
ANALYSIS (BCA) :
CONSOLIDATION OF BULK MAIL TRANSPORTATION AT YOKOTA
AIR BASE**

INTRODUCTION

1.1 Purpose: Analysis of the consolidation of fourth class mail transportation throughout the Pacific Area of Responsibility (AOR) utilizing a joint mail facility established Yokota Air Base, Japan, and servicing military installations (Army, Navy, Air Force, Marines) in Japan, Korea, Okinawa, Singapore, and Diego Garcia, including deployed units.

1.2 Background: All mail distribution/transportation functions for Navy and Marine Corps mail are coordinated by the Fleet Mail Center (FMC) located at North Pier, Yokohama. Postal operations fall under the cognizance of the Commander, Fleet Activities Yokosuka, with departments in Yokohama, Negishi, and Yokosuka, (Ikego operations are scheduled to begin in April 98). The operations are under the direction of an Officer in Charge (LT) working out of an office in Negishi and a Postal Officer (PCCM) at FMC Yokohama. FMC is the central hub for the mail distribution system which includes all bases on the Kanto Plain, as well as Iwakuni, Okinawa, Singapore, Hong Kong, Korea, Diego Garcia, and 5th and 7th Fleet units. The primary business areas of FMC/sites include:

- transportation of mail into and out of the Far east region through airports at Yokota Air Base, Narita, and Haneda.
- distribution of mail for delivery to various sites throughout Japan via air, ground, and rail transportation.
- sale of money orders and stamps through postal operations as supported by the Postal Finance Officer located at FMC Yokohama.
- distribution, accounting, and tracking of registered mail.

1.3 Concept of operations: As envisioned under this consolidation of mail transportation, Navy postal operations in FMC Yokohama, Yokosuka, Misawa, Sasebo, Singapore, Korea, and Diego Garcia, along with Air Force postal operations in Yokota, Kadena, Misawa, and Osan, Korea, Marine Corps operations in Iwakuni and Okinawa, and Army operations in Okinawa, and Korea, would utilize one joint mail consolidation facility located in Yokota Air Base, Japan. This facility would be used to consolidate all fourth class (bulk) mail for the services and delivery it to the various Pacific locations utilizing organic (Air Mobility Command) flights leaving Yokota vice costly commercial air/surface transportation contracts.

1.4 Scope: Transportation within the Kanto Plain was analyzed for consolidation and incorporation within the current AMC network.

1.5 Objectives: To determine the feasibility and cost effectiveness of mail (fourth class) transportation consolidation across all services throughout the Pacific AOR.

Assumptions and Constraints

1.6.1 Movement of U.S. mail is governed by instructions restricting certain actions, requiring delivery within specific time frames and in some cases, requiring strict accountability.

1.6.2 The following mail transportation centers have been contacted in regards to this initiative: Iwakuni, Misawa, Okinawa, Sasebo, and Yokota. Barring serious and substantial mail delay all sites expressed interest in pursuing this joint venture.

1.6.3 Transportation via Air Force AMC flights is limited by cargo space available per flight and potential aircraft breakdown or re-routing to unplanned destinations. Without constant, aggressive, and proactive support from AMC at Yokota AB, this initiative will not work.

1.6.4 Functions other than the transportation of bulk/fourth class mail are not expected to change and will remain unchanged until an acceptable joint (purple) initiative can be drafted to satisfy all service requirements.

1.7 Manpower: Manning for a joint mail facility at Yokota AB was not specifically analyzed and can/will be worked out once an agreement is in draft. It is assumed that a portion of Navy and Army manpower assets could be permanently transferred to Yokota AB (prorated based on Service's mail volume). Adequate enlisted housing and billeting is available at Yokota AB.

Functional requirements

2.1 Overview: Commander, Fleet Activities Yokosuka (COMFLEACT) currently manages a postal operations department with an OIC (LT) assigned to overseeing postal operations at FMC Yokohama, and the Yokosuka and Negishi Post Offices. FMC has 46 personnel authorized (31 military, 15 MLC); Yokosuka has 28 personnel authorized (24 military, 2 MLC, and 2 USCS). Most of the military personnel are Postal Clerks with a very few GENDET personnel assigned.

FMC handles all inbound and outbound mail transportation through Narita/Haneda airports. All FPO for the Pacific AOR is received, sorted, and processed through the Yokohama site prior to further transport to destination sites in the Pacific. FMC operates 24 hours a day, seven days a week, processing over 27 million pounds of mail annually.

2.2 Requirements: Proposed partners: FMC operates 24 hours daily utilizing

rotating shifts. Utilizing PWC rental vehicles, FMC maintains a regular schedule of mail pick-ups at both commercial airports with additional support of deliveries from one airline (All Nippon Airlines (ANA)) based out of Haneda, which also provide for the use and maintenance of a forklift and MHE.

Other partners operate as follows:

***Yokota's mail squadron operates 19 hours a day, 7 days a week; Iwakuni's mail section operates 9 hours a day, 6 days a week; Osan's mail section operates 9 hours a day, 6 days a week; Misawa's mail squadron operates 8 hours a day, 6 days a week; Diego Garcia's post office operates 24 hours a day, 7 days a week; Okinawa's mail operates 9 hours a day, 6 days a week; Sasebo's post office operates 9 hours a day, 6 days a week; and finally, Yokosuka's post office operates 24 hours a day, 7 days a week.

FMC handles bulk mail which arrives via SEALAND container ships twice weekly. The shipments contain bulk mail for all USN/USMC installations on the Kanto Plain. Specifically, Sasebo receives its bulk mail via a commercial rail contract with a 5 day service time from Yokohama and at a charge of approximately \$40K. Specifics follow:

2.3 SASEBO Current Situation:

Fourth Class mail is transported from Fleet Mail Center, Yokohama, to Fleet Activities, Sasebo, one time per week on Wednesday. A contracted truck (Nippon Express) picks up the bulk mail bound for Sasebo on Wednesday morning every week and delivers it to Yokohama's Hazawa station for further transfer to Sasebo; total transit time to Sasebo is approximately 96-120 hours. Fourth Class mail is delivered to customer mail boxes on Tuesdays, 5 solid days after leaving FMC, Yokohama. The total cost for this service is broken down as follows:

TANGIBLE COSTS:

Containers shipped to	Unit price per	Monthly cost:
Annual cost		
Sasebo per month:	container:	(\$1 US = Y120)
4	Y88,920	Y4,268,160
		\$35,568

INTANGIBLE COSTS:

4-6 Days transit time

Alternative:

From Homoku Pick

Cancel the current rail contract and utilize FISC trucks to deliver the bulk mail destined for Sasebo.

Factors for consideration:

FISC currently runs between 3-5 trucks to Sasebo daily. However, the mail could only be transferred using a 10-ton (van-type) truck because this is the only type of truck in which the cargo is protected from the weather. FISC usually runs one of these trucks daily.

Postal regulations state that mail cannot be co-mingled with HAZMAT. This poses some concern because currently almost all FISC trucks carry some item which can be categorized (in some regard) as HAZMAT. I am currently investigating how to properly deal/satisfy this regulation without hindering this initiative.

The Air Force manages this trucking contract and bills the commands utilizing its services on a weight prorated basis. That is, those commands who utilize the most space as defined by a space/weight ratio are charged the most. Currently, bulk mail volume to Sasebo averages about 4.5K pounds per week or approx. 18K pounds monthly. An analysis follows:

1 FISC TRUCK holds approx. 15K pounds and costs \$1,800

The Air Force prorates this on a cubic foot basis:

1 cubic foot equals approximately 10
pounds and costs approximately \$1.20

Given that FMC sends 4.5K pounds to Sasebo per week, this equates to:

$$\frac{\$1.20}{10 \text{ lbs.}} = \frac{X}{4.5K \text{ lbs.}}$$

$$10X = 5,400 \text{ or } X = \$540 \text{ weekly}$$

This means that it would cost \$540 per week for FMC to utilize FISC trucks to transport mail to Sasebo. This equates to \$28,080 annually (\$540 x 52 weeks, assuming that volume is steady and FMC sends mail every week). Annual savings: \$7,488 (\$35,568 - \$28,080). Money is not the major benefit of this initiative, the major advantage is saved delivery time. FISC trucks take only 1.5 - 2 days on average to get to Sasebo vice the contractor's current 5 day transit time. This would result in decreasing delivery time by approx. 72 - 96 hours on average.

Recommendation:

Cancel the current Nippon Express rail contract and sign MOA with FISC for delivery of bulk mail to Fleet Activities Sasebo, Japan.

2.4 IWAKUNI Current Situation:

Iwakuni MC Base receives its bulk mail on a daily basis or as it arrives via commercial air and ground transportation contracts. Iwakuni's bulk mail arrives twice weekly via surface means (SEALAND container ship) and is transported to Fleet Mail Center, Yokohama for sorting and work-up. This mail is then transported to Haneda airport where it is placed on an All Nippon Airways (ANA) commercial aircraft and flown to the Hiroshima airport. At Hiroshima, the mail is loaded onto contracted trucks and transferred to Iwakuni. The costs for this scheme are as follows:

TANGIBLE COSTS:

ANA charges .55/kg for its air transportation contract. FMC's volume tracking indicates that on average Iwakuni receives 16.4K kilograms per month. This equates to \$8,997.13 per month in air transportation charges and \$107,965.56 annually.

The ground leg of this scenario is charged on a distance and capacity/volume basis similar to the Sasebo contract. Using a VERY conservative estimate of Y20,000 per truck and considering that this service occurs daily (365 days a year), one can estimate that this portion of the contract costs approximately Y7,300,000 or \$60,833.33 (based on a Y120 = \$1 US). Adding all of the costs, it costs the government approximately \$169K annually to deliver bulk mail to Iwakuni. This is a conservative analysis.

INTANGIBLE COSTS:

Perceived inequities between services and base locations.

First alternative:

Cancel the ANA air transportation contract and the ground trucking contract and utilize Yokota Air Base's 3 weekly AMC flights to Iwakuni.

This could easily be accomplished with minimal cooperation from the Air Force and Marine Corps. The scenario is as follows: Bulk mail arrives via ship is transported to the Yokota joint mail consolidation facility via organic FISC's trucks for sorting and work-up and then is placed on AMC flight to Iwakuni 3 times per week.

Factors for consideration:

The Marine Corps would have to agree to a possible 2-3 day delay in receiving their bulk mail (i.e., catalogs, junk mail, catalog orders, etc.). The Air Force would have to agree to place the mail on the AMC flights and give it some sort of priority. The FY98 cargo rate for AMC flights to Iwakuni is .1230/lb or .2706/kg. Based on FMC's volume estimates, this equates to the following:

16.4K kgs/month x .2706/kg = \$4,437.84 monthly charges to use AMC flights to Iwakuni

$\$4,437.85 \times 12 = \$53,254.08$ annual charges associated with this alternative

Annual savings: \$115,745.92

NOTE: Annual cargo rates for AMC flights may fluctuate.

Second alternative:

Cancel the ANA air transportation contract and the ground trucking contract and utilize FISC trucking assets to deliver mail to Iwakuni 2-3 times weekly.

Factors for consideration:

FISC currently runs one truck per week to Iwakuni MC Base using the same contract as discussed in the Sasebo proposal. FISC has stated that the number of trips to Iwakuni could easily be increased or a few of the trucks ultimately destined for Sasebo could be diverted to Iwakuni en route. The MC would have to agree to accept a 1-2 day delay in receiving its bulk mail. Costs associated with this alternative are as follows: (Based on current FMC volume figures for Iwakuni)

$$\frac{\$1.20}{10 \text{ lbs.}} = \frac{X}{36080 \text{ lbs}}$$

$$16,400 \times 2.2 \text{ lbs/kg}$$

$$10X = 43,296 \text{ or } X = \$4,329.60 \text{ monthly trucking costs}$$

Annual cost: \$51,955.20

Annual savings: \$117,044.80 (\$169K - \$51,955.20)

Recommendation:

Cancel current transportation means and utilize either AMC or FISC assets to deliver bulk mail to Iwakuni MC Base

2.5 MISAWA Current Situation:

Fourth Class mail is transported from Yokota Air Base, Japan, to Misawa Air Base, Japan, every week via a commercial air contract. Upon arrival in Japan, a contracted truck hauls the Air Force bulk mail to Yokota for sorting and work-up. This alone costs \$880 per trip (average 2 trips per week). The Military Sealift Command located in Yokohama, Japan, manages the contract for this leg of Air Force mail transportation. From Yokota, bulk mail is transferred back to Haneda airport (another 2 hour drive) and flown via a JAS commercial aircraft to Misawa AB. The total cost for this service is broken down as follows:

TANGIBLE COSTS:

(Trucking)

Containers shipped to

Unit price per

Monthly cost:

Annual cost			
Yokota per month:	container:		(\$1 US = Y120)
8	\$880	\$3,520	\$42,240

(Air transportation)

JAS charges .55/kg; Air Force mail volume estimates for Misawa's bulk mail average around 11kg per month.

11,000 kg/month x .55/kg = \$6,050 OR \$72,600 annual transportation charges

Total annual cost: \$114,840 (\$42,240 + \$72,600)

INTANGIBLE COSTS:

Perceived inequities between services and base locations.

First alternative:

Cancel the JAS air transportation contract and the ground trucking contract and utilize organic (FISC) trucking to Yokota and weekly AMC flights to Misawa.

This could easily be accomplished with minimal cooperation from the Air Force and FISC. The scenario is as follows: Bulk mail arrives via ship is transported to Yokota for sorting and work-up via a FISC truck and then is placed on one of the 5 weekly AMC flights to Misawa.

Factors for consideration:

The Air Force would have to agree to a possible 1-2 day delay in receiving their bulk mail (i.e., catalogs, junk mail, catalog orders, etc.). FISC would have to agree to perform 2 trips to Yokota AB per week to deliver AF bulk mail. The Air Force would have to agree to place the mail on the AMC flights and give it some sort of priority. The FY98 cargo rate for AMC flights to Misawa is .106/lb or .2332/kg. Based on Air Force volume estimates, this equates to the following:

(Trucking using FISC contract)

$\frac{\$1.20}{10 \text{ lbs.}}$	$= \frac{X}{24,000 \text{ lbs}}$	$10X = 28,800$	$===$	$X = \$2,880$	monthly trucking charges from Yokohama to Yokota
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Annual trucking cost: \$34,560 [vs. \$91,520 which is approx. what is being paid now for this service e.g., \$880/per trip x 2 times weekly x 52 weeks per year]

(Air transportation)

11K kgs/month x .2332/kg = \$2,565.20 monthly charges to use AMC flights to Misawa

\$2,565.20 x 12 = \$30,782.40 annual charges associated with using AMC flights

Annual savings: \$49,497.60 (\$114,840 - \$65,342.40)

NOTE: Annual cargo rates for AMC flights may fluctuate.

Second alternative:

Cancel the JAS air transportation contract and the ground trucking contract and utilize FISC trucking assets to deliver bulk mail to Misawa 2-3 times weekly.

Factors for consideration:

FISC currently runs two trucks per week to Misawa Air Base using the same contract as discussed in the Sasebo proposal. FISC has stated that the number of trips to Misawa could be increased if mail volume dictates this necessity. The AF would have to agree to accept a 1-2 day delay in receiving its bulk mail. Costs associated with this alternative are as follows: (Based on current AF volume figures for Misawa)

$\frac{\$1.20}{10 \text{ lbs.}}$	$= \frac{X}{24,000 \text{ lbs}}$	$10X = 28,800 = X = \$2,880$	monthly trucking charges from Yokohama to Misawa
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Annual trucking cost: \$34,560 [vs. \$91,520 which is approx. what is being paid now for this service e.g., \$880/per trip x 2 times weekly x 52 weeks per year]

Recommendation:

Cancel current transportation means and utilize either AMC or FISC assets to deliver bulk mail to Misawa AB.

2.6 OKINAWA Current Situation: [Still investigating this area of ops]

Currently bulk mail destined for Okinawa military installations arrives via SEALAND container ship into the Japanese port city of NAHA. This surface shipment can take between 18 and 50 days in transit. Upon arrival, this mail is then transported to xxx via a commercial trucking contract (\$880/container) for sorting/preparation for further distribution to the various military installations on Okinawa. This costs approx. ??? and takes ??? days...

2.7 Diego Garcia Current Situation: [still investigating...]

Currently bulk mail destined for Diego Garcia arrives via SEALAND container ship is

transported to FMC for sorting and work-up and then is taken to Yokota AB and flown to its final destination via an Air Force AMC flight. FMC volume estimates show that this operation involves an approx. monthly volume of xxx pounds and costs approx. xxx based on AF cargo rates. Based on this process alone, precedent for the proposal initiative already exists.

2.8 Army/AF Korea Current Situation: [still investigating...]

Currently bulk mail destined for APO addresses in the Korean peninsula arrives in xxx (Yokohama)??? via SEALAND container ship and is transferred to Yokota AB where it is sorted and dispatched to Korea via an AF AMC flight. Yokota AF mail volume estimates show that this operation involves an approx. monthly volume of xxx pounds and costs approx. xxx based on AF cargo rates. Again, based on this process, precedent for the proposal initiative already exists.

2.9 FISC: FISC transports materiel to other bases within the Kanto Plain as well as Sasebo and Iwakuni on a regular basis. All transportation outside a 100 mile radius is accomplished using contract commercial carriers at a cost of approximately \$1,800/truck delivery. FISC currently sends trucks to Sasebo, Iwakuni, and Yokota on almost a daily basis. Additionally, FISC occasionally uses its drivers to transport materiel to Haneda and Narita airports for air shipment. FISC (Code 400) generally makes at least one nightly run by van or truck to NOACT Yokota.

2.10 AMC: AMC transports personnel and material to a number of military installations throughout the Pacific region on a routine basis. Based strictly on the published schedule of AMC flights to each of these destinations, the following numbers represent available opportunities for mail to be transported to the locations under study: (NOVEMBER 1997)

Misawa:	17
Osan:	45
Iwakuni:	17
Diego Garcia:	19
Okinawa:	32
Singapore:	19
Fukuoka:	8
Nagasaki:	8
Kunsan:	9

FUNCTIONAL ANALYSIS

3.1 BCA Methodology: Information analyzing the current and proposed

operations was gathered through visits and discussions with postal or transportation personnel in Yokota AB, FISC Yokosuka, Misawa AB, Iwakuni MC Station, Sasebo Naval Base, CINCPACFLT, and NAVSUP. Cost estimates were difficult to determine due to the lack of direct billing to many of the commands involved. [U.S. TRANSCOM is responsible for disbursing a large portion of the funds which cover these contracts, and thus many of the costs are not visible to the end users.] Since this proposal would be, for the most part, transparent to the end customer, operations/consolidation was analyzed in terms of savings/efficiencies envisioned as a result of this venture.

3.2 Concept of Operations

3.2.1 Transportation Operations: Under this proposal, FISC Yokosuka would assume responsibility for the transportation of bulk mail from Yokohama to Yokota AB and from Yokota AB to Sasebo. A consolidated and JOINT mail facility established at Yokota AB would serve as the central hub for the transportation of all service's bulk mail throughout the Pacific region.

3.2.2 Administrative control: With the consolidation of Army, Navy, Air Force and Marine Corps postal personnel at the Joint mail facility in Yokota AB, senior enlisted Air Force postal personnel would initially assume control of this consolidation facility, including the management of all assigned personnel. Depending on available billeting and necessity, management of this facility could be rotated between the services (allowing each service an opportunity to billet a person (senior enlisted) into this position). All services and commands would maintain total control of their MLC employees.

3.2.3 Implementation Strategy: Initial implementation would occur with the signing of an agreement between CFAY, FISC, the Air Force Postal Squadron, and AMC. This agreement would outline the specific responsibilities of each player in this partnership and also identify a suitable location/facility for this initiative and establish personnel requirements for operation. Specific agreements could then be established between the joint facility in Yokota and all military postal customers throughout the Pacific.

Benefits

3.2.4.1 Operational control and joint regionalization of the entire mail transportation process would provide increased visibility of intra-site problems and future challenges.

3.2.4.2 AMC transportation of bulk mail would eliminate expensive air shipments and still meet required delivery times.

3.2.4.3 Consolidation of bulk mail transportation at Yokota AB could possibly help save over 900K in JFIP construction funds currently programmed to fund a new FMC in 2001. Currently, there are also initiatives being explored which propose

consolidating ALL SERVICES MAIL OPERATIONS AT NARITA INTERNATIONAL AIRPORT, JAPAN. This would definitely result in large utilities, maintenance, and real property/ JFIP savings for all services.

3.2.4.4 Bulk mail consolidation would be in accordance with and in support of Secretary of Defense initiatives to utilize joint partnerships and regionalization techniques to increase operational readiness and efficiency throughout DOD.

Liabilities

3.2.5.1 Potential mail delay due to unforeseen AMC mission delays, aircraft discrepancies, or scheduling errors.

Comparison of Status Quo vs. FMC Proposal:

Replacement of all commercial contracts for bulk mail throughout the Pacific with AMC service: 175K minimum annual savings with the potential for much more.

4. Recommendation: Establish joint mail consolidation facility at Yokota AB in cooperation with all services to deliver bulk/fourth class mail via AMC flights throughout the Pacific AOR.